

SECRET

Sanitized Copy Approved for Release 2011/07/20 : CIA-RDP61-00763A000200110139-8

REF ID: A17777

26 October 1959

MEMORANDUM FOR: Acting Chief, DPD-DD/P

SUBJECT : Contract Maintenance on FE C-118

REFERENCE : DPD 6984-59, 13 October 1959, same subject

25X1 1. With regard to paragraph 8 of cited reference, subsequent
25X1 discussions with [] have resulted in a more practical approach
for shifting the contract. Contracts of the type under which the C-118
is being maintained by [] are referred to as "drop-in" contracts.
Under this arrangement, when the aircraft is conveniently located near
the contractor facility at the time an inspection becomes due, the
contract is then exercised. However, if the aircraft is far removed
from the contractor facility when a periodic inspection becomes due,
it obviously must be performed at a more convenient location. This
type of contract also does not require that a minimum number of
inspections be performed by the contractor. Therefore, charges only
accrue for work actually performed.

25X1 2. To reduce ferrying costs, as well as to direct work in CAT's
25X1 direction, it is recommended that a contract be entered into with CAT
on the same basis as the one with [] and that both facilities then
be used under the drop-in arrangement. Thus, if the aircraft were
going to Tokyo on other business and would arrive at a time when a
periodic inspection would be due, the contract with [] could be
exercised. This same arrangement could be exercised with CAT.

3. For purposes of flying time reimbursement, the Air Force,
on 23 September 1959, revised the rate for the C-118 downward from
\$510 to \$426 per hour. All figures in the basic reference which use
the \$510 figure should be adjusted accordingly.

SIGNED

STANLEY W. REERLI
Colonel, USAF
Chief, Operations Br.
DPD-DD/P

DPD-DD/P/CFQ:am

Dist.:

1 - addressee	1 - C/Cont/DPD
1 - DD/P	1 - C/Fin/DPD
1 - C/Mat/DPD	1 - C/FE
1 - C/Ops/DPD	1 - []
1 - C/AS/DPD	1 - []
1 - C/Admin/DPD	1 - []

RI/DPD

25X1